

## Message Text

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ACTION COME-00

INFO OCT-01 ARA-10 ISO-00 AID-07 CIAE-00 EB-05 FRB-01

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-01 OPIC-01 SP-03

CIEP-01 LAB-02 SIL-01 OMB-01 AGR-03 DRC-01 /049 W

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R 142000Z MAY 74

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 4707

UNCLAS KINGSTON 1681

EO 11652: N/A

TAGS: BEXP, AFSP, JM

SUBJECT: COMMENTS ON FY 74-75 COMMERCIAL ACTION PROGRAM

REF: STATE 29350; KINGSTON 849

1. AS INDICATED IN KINGSTON 849, THE JAMAICAN ECONOMIC SITUATION HAS CHANGED CONSIDRRABLY SINCE THE FY 74 CAP WAS INITIALLY DRAFTED. SINCE FY 74 IS ALMOST OVER, THE FOLLOWING COMMENTS ARE ALSO APPLICABLE TO THE FIRST HALF OF FY 75. THE ENERGY CRISIS EXACERBATED AN ALREADY EXISTING BALANCE OF PAYMENTS DEFICIT CAUSING THE GOJ TO PUT ALL IMPORTS UNDER LICENSE EARLIER THIS YEAR. 1974 IMPORTS ARE LIMITED TO J\$645 MILLION, ONLY J\$40 MILLION MORE THAN IN 1973. OF THIS AMOUNT J\$500 MILLION IS FOR CAPITAL GOODS, RAW MATERIALS, AND INTERMEDIATE GOODS WITH THE REMAINDER FOR CONSUMER GOODS. THE SEVERE RESTRICTION ON CONSUMER ITEMS MEANS THAT EMBASSY TARGET INDUSTRIES WILL NECESSARILY HAVE TO BE THOSE THAT ARE USERS OF CAPITAL AND INTERMEDIATE GOODS. THEREFORE, OBJECTIVE ONE - TO INCREASE THE US SHARE OF THE AGRICULTURAL EQUIPMENT MARKET-STILL REMAINS VALID SINCE DEVELOPMENT OF THIS SECTOR CONTINUES TO BE A GOJ PRIORITY. OBJECTIVE2 - EXPANSION OF US EXPORTS OF MATERIAL HANDLING MACHINERY - SLISO APPEARS VALID SINCE THE GOJ IS INTENSIFYING ITS EFFORTS TO ESTABLISH MORE LOCAL

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PROCESSING IN A VARIET OF FIELDS. OBJECTIVE 3- TO

PREPARE FOR FY 75 USDOC PROMOTIONS WILL UNDOUBTEDLY HAVE TO BE POSTPONED UNTIL FY 76 SINCE THERE APPEARS LITTLE LIKELIHOOD THAT THE IMPORT RESTRICTIONS ARE GOING TO BE LIFTED

2. THE TARGET INDUSTRIES THAT APPEAR TO HAVE THE MOST POTENTIAL AT THIS TIME AND IN FY 75 ARE AGRICULTURAL AND IRRIGATION MACHINERY, FISHERY EQUIPMENT, DAIRY AND MEAT PROCESSING EQUIPMENT, AND ENERGY RELATED PRODUCTS. THE EMBASSY IS IN THE PROCESS OF MAKING CONTACTS IN THESE FIELDS AND EXPECTS TO DO DESK STUDIES ON THE MOST PROMISING. IN SPITE OF THE IMPORT RESTRICTIONS, JAMAICA NEEDS CAPITAL AND INTERMEDIATE GOODS TO DEVELOP HER INFRA-STRUCTURE AND IMPROVE HER LOCAL MANUFACTURING CAPACITY. AS A RESULT, TRADE PROMOTION FOCUSED ON INDUSTRIES WHOSE EQUIPMENT NEEDS ARE ESSENTIAL TO THE COUNTRY'S PRODUCTIVE SECTOR SHOULD CONTINUE TO BE FEASIBLE ALTHOUGH EXPANSION TO THE EXTENT ENVISAGED IN THE PRE-RESTRICTION DAYS IS NO LONGER POSSIBLE

3. DESPITE A FOUR-MONTH HIATUS IN COMMERCIAL OFFICERS, THE EMBASSY HAS ALREADY IMPLEMENTED SOME OF THE ACTIONS TO FULFILL ITS FY 74 OBJECTIVES. THESE INCLUDE: (A) RELOCATION OF THE COMMERCIAL SECTION IN NEW AND EXPANDED FACILITIES ON THE FIRST FLOOR. THIS SPACE ALSO INCLUDES AN ADJACENT OFFICE FOR THE COMMERCIAL OFFICER AND ANOTHER OFFICE FOR THE USE OF US BUSINESS VISITORS. (B) THE COMMERCIAL NEWS LETTER IS BEING PREPARED INCLUDING ARTICLES ON VARIOUS US AGRICULTURAL PRODUCTS AND WILL BE PUBLISHED NEXT WEEK. (C) ASSISTANCE IS BEING PROVIDED TO THE PUERTO RICAN IOGA TRADE MISSION EXPECTED TO BE IN KINGSTON MAY 19. HEWITT

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